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WEEKLY ROUNDUP OF WORLD PRODUCTION AND TRADE RECORDS

WR 10-82

WASHINGTON, March 10--The Foreign Agricultural Service of the U.S. Department of Agriculture today reported the following recent developments in world agriculture and trade:

GRAIN AND FEED

AUSTRALIA is expecting larger wheat exports in response to a larger than anticipated wheat crop, estimated at about 16 million tons. However, the 13 million-ton export level set by the Australian Wheat Board may be difficult to accomplish if labor disruptions continue through the season. Strikes in some major export ports have already set planned shipping schedules behind. Australia may have difficulty meeting contractual obligations to ship 1 million tons of wheat to the Soviets during January-April 1982 and another 1 million originally scheduled for February-May. It is likely that some of the shipments could be shipped later. In addition, shipment of 750,000 tons to India, originally scheduled for December 1981-February 1982 delivery, may be behind.

The Australian Wheat Board had set a shipping goal of 1.5 million tons per month for the December 1981-May 1982 period--the first half of the marketing year. However, exports got off to a slow start, averaging approximately 900,000 tons for December-February--well below expectations. An average of just over 1 million tons per month will be necessary for the remaining 9 months of the current season in order to meet the 13 million-ton export target. Although Australia successfully sustained this level of shipments in 1979/80, the currently needed level of movement is not likely should labor disruptions continue through the season.

A drought in SRI LANKA has lowered rice production prospects for 1982 significantly below the 1981 crop of 2.2 million tons (rough basis). The "maha" crop, which accounts for about 73 percent of total annual production, has been severely affected, according to Sri Lankan officials. Although Sri Lanka had earlier hoped to forego rice imports in 1982, it now appears inevitable that substantial imports will be necessary.

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LYNN KRAWCZYK, Editor, Tel. (202) 382-9442. Additional copies may be obtained from FAS Information Services Staff, 5918-South, Washington, D.C. 20250. Tel. (202) 447-7937.

DAIRY, LIVESTOCK AND POULTRY

Slower growth characterized the WORLD dairy economy in 1981. Cow milk production increased only half a million tons, compared with annual increases of nearly 5 million tons during the previous 4 years. Production in 1982 is forecast to increase 2.3 million tons. Reasons for the slower growth in both 1981 and 1982 include a less profitable dairy situation for the European Community (EC) and general feed shortages in the Soviet Union and parts of Eastern Europe. In New Zealand, recent rains have alleviated drought conditions in the major dairy areas; however, output for the year is expected to be down from earlier levels. Australia's 1982 milk production may recover after declining in 1981 due to price and weather problems.

World cheese production is expected to increase again in 1982 at about the same rate as in 1981, with roughly half of the total increase occurring in the United States. Non-fat dry milk output during 1982 is forecast to increase faster than in recent years, despite the anticipated slower rise in milk production.

World butter production in 1982 is forecast to remain stable at 5.9 million tons, following a 2-percent decline in 1981. Due to the drought, it appears New Zealand's butter production will be about 4 percent below the previous estimate of 240,000 tons.

Casein production is again forecast to fall in 1982 to 163,000 tons, 20 percent below the 1980 peak. (Further information can be obtained from the Foreign Production Estimates Division (202) 382-8888.)

World dairy production for selected products and regions is as follows, in 1,000 tons:

Country/region	Cow Milk		Cheese		Non-Fat Dry Milk		Butter	
	1981 <u>1/</u>	1982 <u>2/</u>	1981 <u>1/</u>	1982 <u>2/</u>	1981 <u>1/</u>	1982 <u>2/</u>	1981 <u>1/</u>	1982 <u>2/</u>
United States	60,162	61,550	1,907	2,010	592	640	561	595
EC-10	106,116	106,936	3,994	3,512	2,019	2,078	1,905	1,914
Japan	6,630	6,670	10	10	128	128	60	60
USSR	88,500	87,500	685	680	345	340	1,315	1,290
Australia	5,333	5,380	135	135	69	68	79	75
New Zealand	6,500	6,300	84	90	181	170	247	230
Total World ^{3/}	383,070	385,342	8,391 ^{4/}	8,593 ^{4/}	4,210	4,338	5,919	5,945

1/ Preliminary. 2/ Forecast. 3/ Includes 35 Countries. 4/ Excludes around 668,000 tons of uncured cheese previously reported in EC and Polish totals.

COTTON AND TOBACCO

A special EUROPEAN COMMUNITY Council of Trade and Industry Ministers reached agreement providing for EC adherence to the new Multi-Fiber Arrangement concluded in December 1981. Terms of the agreement include provisions for an annual average cutback of 10 percent for dominant suppliers. The Commission is expected to begin bilateral negotiations with individual supplying countries soon.

In ARGENTINA, good weather has increased the 1982 tobacco production estimate to 64,600 tons, compared with nearly 50,700 tons in 1981. Timely rains and minimal hail damage contributed to the good 1982 crop. Production of flue-cured tobacco is now expected to be 39,000 tons, with 10,000 tons burley and 13,000 tons of dark air-cured tobacco.

Cigarette taxes in the UNITED KINGDOM may increase if this year's budget, presented to Parliament March 9, is accepted. The recommended increase of 12 percent in the specific tax will result in a 13 cents per pack increase in the retail price. If enacted, the price of cigarettes will rise from \$1.79 to \$1.92. During the 1981/82 budget year, when there were two cigarette tax increases, cigarette sales fell 13 percent. Cigarette tax collections for the budget year fell short an estimated \$247.9 million from revenue forecasts.

SWITZERLAND's imports of unmanufactured tobacco in 1981 increased 5.6 percent to 26,721 tons. The U.S. share of this important tobacco market rose to 10,081 tons, valued at \$58 million, an increase of 11 percent and 44 percent, respectively, over 1980.

Total manufacturers' use in 1981 decreased slightly (0.7 percent) to 25,467 tons. Cigarette production followed this downward trend, declining 12 percent, due largely to stronger competition abroad, which reportedly reduced cigarette exports by 13 percent. The 2-percent increase in domestic cigarette consumption did not offset the drop in exports, indicating a buildup of Swiss tobacco stocks.

Dry weather in ZIMBABWE has reduced the quantity and quality of the 1982 tobacco crop below earlier expectations, particularly in areas south and west of Salisbury. The flue-cured crop is now expected to be about 88,000 tons, compared with a marketing quota of 96,000 tons. In 1981, Zimbabwe produced nearly 67,400 tons of flue-cured tobacco under a 70,000 ton marketing quota.

HORTICULTURAL AND TROPICAL PRODUCTS

Production of tomatoes for processing in SELECTED COUNTRIES totaled 12.594 million tons in 1981, compared with 13.523 million in 1980. Production in the United States dropped 8 percent to 5.182 million tons, while area fell 4 percent. Canadian production increased to 503,000 tons from 419,000 tons in 1980 as Canadian area rose nearly 16 percent. Tomato production in Mexico increased 5 percent to 210,000 tons. Output in Mediterranean countries declined nearly 6 percent to 6.272 million tons as a result of weather-reduced crops in Italy, Spain and Portugal. Only Turkey and Israel showed increases. Production in Taiwan dropped 46 percent to 247,000 tons, partly in response to high worldwide inventories and drought-delayed plantings.

The WORLD coffee crop for 1981/82 (October/September) is now estimated at a record 96.66 million bags (60 kilograms each), up 13 percent from the revised 1980/81 estimate of 85.31 million bags. This is the fourth and final USDA estimate for the 1981/82 crop and is 270,000 bags smaller than the third estimate released Dec. 16 (WR 50-81). On June 9, 1982, USDA will issue its initial production forecast for the 1982/83 world coffee crop.

Production for the 1981/82 crop in the Malagasy Republic has been reduced by 10 percent to 1.28 million bags as a result of a cyclone and flooding. However, the crop is still expected to be 125,000 bags above 1980/81 production.

Weather conditions in the Ivory Coast have been generally favorable; however, due to last season's record crop, now estimated at 6.04 million bags, the off-year in the coffee cycle has caused a sharp decline in 1981/82 production prospects to 4.85 million bags.

Partially offsetting reduced production prospects in the Malagasy Republic and the Ivory Coast are improved harvests in Kenya and Uganda. Production in Kenya for 1981/82 is expected to reach a record 1.76 million bags, up 3 percent from the previous season. Good growing conditions in Uganda, along with improved producer prices this season, have spurred a 40-percent increase in production to 2.80 million bags. This resurgence in the coffee sector has pushed Uganda into seventh position among the world's coffee-producing countries.

Total production estimates by region and principal producing countries for 1981/82, along with revised 1980/81 estimates, are as follows, in 1,000 bags:

Region/country	1980/81 1/	1981/82
South America	38,909	50,647
Brazil	21,500	32,500
Colombia	13,500	14,000
Ecuador	1,417	1,471
Peru	1,170	1,200
Venezuela	1,035	1,110
Central America	9,495	9,000
Guatemala	2,499	2,600
El Salvador	2,690	2,160
Costa Rica	2,023	1,875
Honduras	1,265	1,300
Mexico	3,878	4,000
Caribbean	2,163	1,815
Dominican Republic	1,112	700
Haiti	455	525
Africa	21,307	21,153
Ivory Coast	6,040	4,850
Ethiopia	3,264	3,333
Uganda	2,033	2,800
Cameroon	1,950	1,790
Kenya	1,710	1,760
Malagasy Republic	1,150	1,275
Tanzania	1,123	1,050
Asia 2/	9,546	10,035
Indonesia	5,162	5,162
India	2,175	2,500
Philippines	769	835
Papua-New Guinea	875	950

1/ Revised. 2/ Including Middle East and Oceania.

Despite higher table olive production in SPAIN this year, continued dry weather has sharply limited output of exportable quality olives for the second consecutive year. The current estimate of the 1981 table olive crop is 173,000 tons, nearly 23 percent above 1980's drought-reduced crop. However, trade sources indicate that because of drought conditions, the 1981 crop of exportable quality table olives is only 2 percent larger than in the preceding year--111,000 tons (36,000 tons Manzanillas; 18,000 tons Queens; and 57,000 tons of other export varieties).

Only the Manzanilla-type varieties were sharply affected by drought conditions. This was due to poor sizing, rather than quality. Queens are plentiful and export prices for this variety are currently about 20 percent lower than a year ago, while export prices for Manzanillas are about 25 percent higher. Trade sources expect prices to increase in the near future to cover higher processing costs. Because of this and economic recessions in major export markets, the trade is forecasting a 10-percent decline in table olive exports for 1981/82.

Spain's olive exports in 1980/81 (October-September) totaled 94,699 tons, up nearly 19 percent from the previous year. Exports to the United States were up 25 percent to 38,511 tons, but the opening of new markets in Saudi Arabia, the USSR, and Venezuela was also a major factor contributing to larger shipments. Spanish trade sources estimate roughly half of Spain's table olive exports are in bulk form and that 80-85 percent of the olives packed in glass are now throw-packed. Black ripe olives now account for about 12-14 percent of Spain's total olive pack.

One of AUSTRALIA's largest food processing companies announced Feb. 9 it had reached a joint-venture agreement with China to establish a pineapple growing and processing industry in Guangxi Province. The agreement is reportedly the first joint equity arrangement between China and an Australian firm.

The goal of the venture will be to create a 6,700-hectare pineapple farm and a canning plant with commercial production levels by 1986. Approximately 10 percent of the fresh and canned pineapple production will be consumed in China, with the balance sold overseas.

Mushroom imports into the UNITED STATES declined 25 percent in 1981 to 38,080 tons, primarily as a result of increased tariffs. On Oct. 17, 1980, the President ordered import relief for the U.S. processed mushroom industry for a period of 3 years. Effective November 1980, tariffs were raised from the previous level of 13 percent ad valorem to 33 percent the first year, 28 percent the second year, and 23 percent the third year.

The decline was most pronounced in shipments from Taiwan and South Korea, but was partially offset by increased purchases from China and Hong Kong. This shift in the origin of U.S. mushroom imports has been brought about mainly by increased mushroom production in China, which also supplies most of Hong Kong's supplies for packing. Practically all U.S. mushroom imports are of canned mushrooms.

Imports of prepared and preserved mushrooms (not including straw mushrooms) during calendar year 1981 (with 1980 in parentheses) were as follows, in tons: China 12,407 (6,723); Hong Kong 10,650 (8,879); Taiwan 10,650 (24,371); and South Korea 4,261 (8,803).

TANZANIA's sisal industry, once a leading foreign exchange earner, has continued to decline as many sisal estates are abandoned and overgrown. Prospects of immediate recovery appear limited without a massive industry rehabilitation program. Exports of raw sisal in 1982 are expected to total 62,000 tons, down from 63,000 tons in 1981 and 64,000 tons in 1980. Exports of sisal twine and cordage also are projected to be down in 1982 to only 20,000 tons, compared with 22,000 tons and 25,000 tons in 1981 and 1980, respectively. U.S. imports of raw sisal and henequen from all origins in 1981 totaled 3,524 tons, down 28 percent from 1980. Imports from Tanzania dropped from 626 tons in 1980 to only 223 tons in 1981.

U.S. TRADE DATA

U.S. agricultural exports in January were off 10 percent in volume and 20 percent in value from a year ago. This continuing downturn resulted in a cumulative decline in value of 8 percent for the first 4 months of fiscal year 1982. Sales during October-January totaled \$14.6 billion, compared with \$15.8 billion a year ago.

U.S. agricultural imports for January were \$1.22 billion, down 22 percent in value from January 1981. This brings the cumulative total for fiscal year 1982 to \$5.28 billion--a drop of 15 percent from the same period a year ago.

The U.S. agricultural trade surplus in January was \$203 million, down 19 percent from January 1981. This brings the agricultural trade surplus to \$9.27 billion thus far this fiscal year, a 5-percent decrease from the same period a year ago. (For further information, contact Trade and Economic Information Division (202) 382-1294.)

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Rotterdam Prices and E.C. Import Levies:

Asking prices in U.S. dollars for imported grain and soybeans, c.i.f.,
Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	March 9, 1982	Change from previous week	A year ago
	\$ per m. ton	\$ per bu.	¢ per bu.
Wheat			
Canadian No. 1 CWRS-13.5%.....	1/	1/	1/
U.S. No. 2 DNS/NS: 14%.....	183.00 7/	4.98 7/	-.08
U.S. No. 2 DHW/HW: 13.5%.....	197.00	5.36	+.12
U.S. No. 2 S.R.W.....	168.00	4.57	+.02
U.S. No. 3 H.A.D.....	183.00 7/	4.98 7/	-.05 7/
Canadian No. 1 A: Durum.....	201.00 7/	5.47 7/	7/
Feed grains:			
U.S. No. 3 Yellow Corn.....	128.75	3.27	+.11
U.S. No. 2 Sorghum 2/.....	139.50	3.54	-.14
Feed Barley 3/.....	1/	1/	1/
Soybeans:			
U.S. No. 2 Yellow.....	248.00	6.75	-.14
Argentine 4/.....	1/ 7/	1/ 7/	1/ 7/
U.S. 44% Soybean Meal (M.T.)..	223.00	--	-9.00 5/
EC Import Levies			
Wheat 6/.....	89.63	2.44	-.01
Barley.....	68.42	1.49	-.01
Corn.....	100.68	2.56	+.01
Sorghum.....	80.75	2.05	-.01

- 1/ Not available.
2/ Optional delivery: Argentine Granifero Sorghum.
3/ Optional delivery: Canadian Feed Barley.
4/ Optional delivery: Brazil Yellow.
5/ Dollars per metric ton.
6/ Durum has a special levy.
7/ April/May delivery

Note: Basis April delivery.